

BUDGET SPEECH

OF

THE HON. C. R. MITCHELL

TREASURER OF THE PROVINCE OF ALBERTA

DELIVERED ON MARCH 11

1921

IN THE LEGISLATIVE ASSEMBLY OF ALBERTA

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY

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Treasurer of the Province of Alberta

MARCH 11, 1921

Mr. Speaker,—

In moving that you do now leave the Chair, that this House may resolve itself into Committee of Supply to consider the supply to be granted to His Majesty, it devolves upon me to present my Annual Budget, a duty that has fallen to my lot for a number of years past.

I shall first, however, according to my custom in the past, give a brief review of general conditions in this Province as they appear to me at this time.

A READJUSTMENT OF CONDITIONS.

The third year of reconstruction finds the people of this Province, as of other parts of the world, under the strain that accompanies all reaction from abnormal conditions.

Happily the peak of stress now seems to have been safely passed, and one may look to the future with confidence.

Perhaps when the hardships of the people in certain parts of Europe, and even in our own Empire, are realized, it is scarcely fitting to emphasize the happy position of this Province as compared with countries less favorably situated. Scenes of war and devastation are remote from us. The Labour situation, moreover, has not been the problem here that it has been elsewhere.

But there is one matter that has been a cause of uneasiness in this, as in other Provinces that depend upon Agriculture as the mainstay of prosperity. Farm products have reached their present low level with a suddenness not at all commensurate with the relatively slow drop in other commodities. This is to be regretted, and it would not indeed be thought strange if the farmers of this country showed a little pessimism in these trying times. As usual, however, they are assuming more than their share of the losses, and they are doing it without undue complaint. Time, however, levels all things, and those who are able to stay, and do stay, on their farms, will eventually win out. To help them to do so is the desire of this Government. One method to this end would be a policy that will assist the dry irrigable areas of the Province, as well as the drainage district, to heavier production. If the Dominion Government would return to us our natural resources, we would then be in a position to consider a further plan, namely, that of assisting the farmer who cannot be helped by either drainage or irrigation projects—that is, we might then consider the problem of

their removal to new locations in the vast districts not now occupied, where crop failure seldom occurs, and thus permit the dry areas to revert to the use for which nature intended them—live-stock raising.

Railway transportation facilities into these new areas are improving daily, and the finding of large oil and other mineral deposits in the far North, will, by the resultant increase in traffic, add not a little to the successful operation of these pioneer lines.

A twofold advantage would thus accrue to the Province—a large section of its people would be placed in a more favorable position financially, and the Northern transportation systems would be naturally strengthened.

IMMIGRATION A NECESSITY.

The matter of Immigration is one which demands careful consideration. Unrestricted movement of settlers of all or any class into a country almost purely agricultural is of course to be deprecated. This would tend to unemployment under certain conditions, and to expensive administration of public services in supplying the facilities of roads, bridges, railways, etc., unless settlement is more generally controlled than in the past. But unfavourable conditions in certain parts of the Old Country are directing the attention of the agrarian classes there to the better economic conditions at present prevailing throughout Canada, and especially this Western country, and it should not be a difficult matter to divert a considerable number of prosperous people of British ideals to the virgin farm lands of this Province.

The discovery of oil in the North Country, and the development of other mineral resources of that district to a productive basis, will no doubt assist the several railway lines now established in that area to carry on their operations during the pioneer stage to better advantage. The transportation facilities, and heavy capital charges, that have been made with a view to a more rapid growth of population and productive power, would then be in a more favourable position to pay their way and give a fair return to the Province, and indirectly add to the contentment and prosperity of the settlers of our Northern districts.

CROP AND FARM STATISTICS.

Crop and other farm productions in Alberta in the season of 1920 came well up to average conditions as disclosed in a detailed statement I have before me. [*See Statement No. 1.*]

The yield rate of all grains in Alberta exceeded that of other Western Provinces by a fairly wide margin, so that this Province again goes back, after several abnormal years, to first place in this respect, although our premier position on a ten-year average has not yet been approached by our sister-Provinces.

Nevertheless, the high cost of production last year, coupled with the low prices of grain, have been a sore disappointment to farmers generally, and the financing of the farming class in the current year is apt to be a problem of some difficulty.

This condition of course is reflected in other lines of business, although this is not so apparent as might be expected. The buoyancy of trade generally, and the continued purchasing ability of our farmers, is evidence that many of our farmers, at least, have practised thrift in years of abundance to offset the lean years that must recur periodically.

RURAL CREDITS.

The operation of societies incorporated under The Alberta Co-operative Credit Act have been greatly handicapped during the past year by the disposition of the banks to withhold the granting of the necessary credit for the proper carrying on of the operations of the members of the societies.

During the last session of this House, several amendments were made to the Act, which gave to the societies additional powers in taking security upon the real and personal property of the borrower. This was intended to assist societies to make collections of doubtful accounts.

It was anticipated that these amendments would induce the banks to co-operate more fully with the societies in granting the necessary lines of credit for their season's operations, but apparently it has not met the objection of the banks in respect to the inadequacy of the paid-up capital, and the extent and form of the Provincial and Municipal guarantees.

They have consistently maintained that the paid-up capital (being only 20% of the subscribed amount) is the only liquid asset available, and is not sufficient to take care of the possible requirement of overdue paper.

I need not dwell upon the necessity of a more elastic system of rural credit. The Province of Manitoba was the first to embark upon a scheme of this character, and the system established in that Province has been studied, and forms the basis for the recently proposed bill up for consideration by the Legislature of Ontario.

There is also, apparently, a need recognized for some system of Rural Credits in the Province of British Columbia, where resolutions are being passed, and recommendations made to the Government of that Province, for some consideration of this question.

During the past year there have been many requests before the Department for information concerning the organization of Co-operative Credit Societies, but it has been deemed inadvisable to proceed with the formation until a definite working arrangement is established with the banks to finance the operations of societies.

As Rural Credit Societies organized under this Act are for mutual benefit, and not profit, it appears essential that they be given power to take any form of security essential to the placing of a loan upon a readily collectable basis.

This Government is, therefore, considering the advisability of placing additional Government guarantee on these securities in order

that the farmers, who are organized under this Act, may do business with greater facility with the banks, and at the same time secure their money at a cheaper rate of interest.

HAY AND RELIEF WORK.

The drought of the summer of 1919, with the prolonged winter of 1919-20, and the shortage of feed that followed, made it necessary for this Government to come to the assistance of the farmers of the Province last spring.

To that end, The Drought Relief Act, providing for feed and relief, was passed, and I find that an expenditure of \$2,083,133.80 was made on this account for the year 1920. Of this sum we received repayments amounting to \$1,239,253.70, leaving a new amount outstanding of \$843,880.10.

That this sum will be largely repaid, I have no doubt. A comparative study of the statement of the Dominion Government with respect to Seed Grain and Relief, supplied by the Federal Government in 1915, is interesting. This statement shows that securities were taken for \$3,535,871.84, and repayments of principal on January 31 last amounted to \$2,821,154.00 of the amount advanced. On account of Seed Grain, 86.5% has been repaid, and on account of Relief over 71% has been paid back.

There is no doubt that this Province, in connection with our own relief work, will be able to collect as much, if not a larger, proportion, than is represented by the Dominion collections.

COAL OUTPUT, 1920.

Alberta, with its almost unlimited coal resources, as yet for the most part unexploited, stands fourth of all Canadian Provinces in mineral production.

Coal production alone in the year 1920 almost equalled in value the total mineral products of British Columbia in the previous year, being, for the year ended December 31, 1920, \$33,919,240.00, made up as follows:—

	Output in Tons.	Value.
Domestic Coal	3,359,308	\$15,116,886.00
Bituminous Coal	3,419,021	17,095,109.00
Anthracite Coal	130,594	1,044,752.00
	6,908,923	\$33,256,747.00
Briquettes	101,922	662,493.00
Total value		<u>\$33,919,240.00</u>

Of the coal resources of Canada 86% are located in Alberta and the tonnage mined exceeded that of any other Province, Nova Scotia included. That Province is our only close rival in Canada.

The work of extending our coal market is proceeding successfully, and the vigorous policy that is being pursued by this Government, in this connection, will undoubtedly have a far-reaching effect in the development of this industrial and domestic necessity.

THE DAIRY INDUSTRY.

The Dairy Industry of the Province showed satisfactory progress during the past year. The value of the milk and the milk products was slightly more than \$34,000,000, an increase of 10% over the previous year. Although there was a slightly larger production in 1920, the increase in the value of the products was due principally to the higher prices ruling during the first nine months of the year.

The fifty-three creameries that were operating in Alberta produced 12,510,000 pounds of butter, valued at \$6,864,750.00, and seven cheese factories manufactured 456,534 pounds of cheese, valued at \$128,839.00.

In view of the severe climatic conditions, and the scarcity and high price of feed during the early part of the year, it is gratifying to note that the total output of dairy products for 1920 was greater than that of the previous year.

PUBLIC DEBT.

The gross bonded debt of the Province as at December 31, 1920, amounted to \$41,989,900.00.

Of this sum, \$15,834,394.90 is represented in the Telephone system; \$471,501.95 in Demonstration Farms; and \$6,815,649.14 in other revenue-producing investments.

So that if we deduct these utilities and investments, which amount to \$23,121,545.99, the inactive portion of the debt is reduced to \$18,868,354.01. Of this sum only \$920,387.68 (which is made up chiefly of discount on bonds and Patriotic and other relief) can be said to be unproductive.

Mr. Hoadley—Are the Demonstration Farms self-sustaining like the Telephone System, Mr. Speaker?

Mr. Mitchell—I don't think it was intended that these farms should be self-supporting. At the same time, I do not think any person will say that they are losing ventures, when we consider the value being derived from them by the young men and women of the Province. (*Applause.*)

With regard to the contingent liabilities of the Province, a statement I have before me reveals that out of a total of \$27,184,200.25 at present guaranteed by the Province, \$17,093,700.00 represents outstanding Railway guaranteed bonds; \$3,550,000.00 University of Alberta Bonds, and other guarantees, \$6,540,500.25, including The Live Stock Encouragement Act, and guarantees in the interest of farmers, etc. The original amount of Railway Bonds guaranteed was \$43,520,450.00. This may be said to be now reduced by \$26,426,750.00, being the amount of the Canadian Northern Railway,

the Canadian Northern Western Railway, and the Grand Trunk Pacific Railway, assumed by the Dominion Government and operated under the Canadian National Railway Systems.

While I am on the subject of railways, I would state that it seems a pity that, while the Dominion has voted millions upon millions to aid obscure railway ventures in the East, it has, as yet, refused to give more than \$350,000.00 to assist the great system of railways now connecting and assisting to develop the wonderfully rich regions in the north of the Province. In spite of the commitments of the Province in these railway systems to the north, I am satisfied they will repay all charges upon the Province within the next few years if the northern development reaches the stage that everyone anticipates. (*Applause.*) But why should the Province have to do it all in promoting these railways?

Dr. Stanley (Opposition)—Well, didn't the Province go ahead and build these lines?

Mr. Mitchell—This Government did go ahead and see that railways were built, but it was done with the most bitter and unrelenting opposition from the other side of this House.

An Opposition Member—What will be done to have the uncompleted portion of the guaranteed lines, assumed by the Dominion, constructed?

Mr. Mitchell—We can only bring such pressure to bear as could be exercised on private concerns.

ASSETS.

I have before me here a statement of the Province's assets and liabilities, which shows that the excess of our assets over liabilities is represented by the sum of \$104,660,483.00. [*See Statement No. 2.*]

You have doubtless heard of that very apt reply of Mr. Asquith, in the British House of Commons, at the time when the Boer War was adding to Britain's debt: "What assets have you to show for this gigantic and intolerable burden of debt?" His reply was: "The only tangible assets I can name are Suez Canal Shares, and the British Empire—and the British Empire is not a liquid asset."

On another occasion, he added to this reply the statement that "the greatest asset of any country is the taxable wealth of the people of that country." This is equally true of Alberta.

This Province has considerable in available and tangible assets. We have our Dominion of Canada Debt Allowance of \$8,107,500; our School Lands Trust Fund amounting to \$13,388,456.00 in principal money—paid and outstanding; we have unsold School Lands held for our future benefit to the value of \$81,967,783.00; we have a Telephone plant valued at \$15,584,394.00, and there are our Public Buildings of over \$9,000,000, and other less important assets.

Some of these, of course, are not liquid assets, and they are not intended to be liquid assets, as we do not desire to dispose of them.

If all these \$104,660,000.00 net assets that we may now claim were wiped out summarily, we still have that inalienable asset—the right of taxation.

PUBLIC ACCOUNTS, 1920.

INCOME.

The Public Accounts for the financial year ended December 31, 1920, which have already been laid on the table, show a total revenue on Income Account of \$10,919,776.08, and an expenditure of \$10,423,356.01. [*See Statement No. 3.*]

I am, therefore, able to point to an actual cash surplus of \$496,420.07 on current revenue account.

This surpasses by a small amount the surplus of last year, which amounted to \$316,990.78.

This result was contributed to by an increased Revenue over 1919, from almost all Departments, amounting to \$1,277,036.76.

Increases in Expenditure over the previous year totalled \$1,097,607.47. [*See Statement No. 4.*]

CONSOLIDATED FUND.

CAPITAL AND INCOME.

The Consolidated Revenue Account for 1920, which includes revenues from all sources, including Capital funds, shows a grand total Revenue of \$15,881,106.94, and a total Expenditure of \$15,358,056.11, with an actual cash balance on hand of \$523,050.83.

TELEPHONE FINANCES.

The Telephone Business, alone on ordinary account, had an income of \$1,913,913.87, and an expenditure of \$1,879,303.85, making a net surplus of \$34,610.02.

In view of the fact that the Telephone Expenditure includes substantial sums to cover maintenance and sinking funds, it is evident that the operations of the system are on a proper business footing.

ESTIMATES, 1921.

The Estimates which you have before you have not reached their present form without careful consideration. The first draft of these estimates did not show the favorable balance that I am now able to announce. There were many services upon which we had to economize, in order to conduct the business of the Province without imposing further taxation, but I am now glad to say that the final revision shows a surplus on the right side, and that the estimated current revenue should exceed the ordinary expenditure by the sum of \$42,585.81. This is what we expect will be the surplus on December 31, 1921, when the books are finally closed.

The total ordinary revenue for the year 1921 is estimated at \$12,778,879.87, and the total current expenditure at \$12,736,294.06, so that it will be seen that both our revenue and expenditure are each about \$2,000,000 in excess of the year 1920. [*See Statement No. 5.*]

Doubtless you will be interested to learn how we found the additional revenue making up this \$2,000,000.00, and on what services the additional \$2,000,000.00 of the expenditure is to be made.

REVENUE INCREASES OVER 1920.

On the revenue side, I find that on Dominion Subsidy an expected increase of \$36,800 is shown. This is due to the increase in population which we look for in the decennial census to be taken June this year. Our population two years ago was placed at 579,000. Now, we estimate a population of 625,000, making an increase of 46,000 people, which at 80 cents a head accounts for the \$36,800 of increase already mentioned.

From School Lands there should be an increased revenue of \$157,971.27. This for the most part is due to the fact that the main fund at Ottawa has been added to in 1920 by sales amounting to \$2,092,422.07, and to the usual annual increase due to payments of interest on outstanding principal moneys which now amount to \$7,416,456.12.

The Revenue in the Department of the Attorney General shows increase over last year's actual receipts of \$767,795.77, made up largely of Liquor Sales and the unpaid profit of last year. There is also an increase in Land Titles fees amounting to some \$112,000.

The Telephone Receipts show an increase of \$586,086.13, and the Municipal Affairs Department, \$32,534.17. The remainder of the \$2,000,000.00 increased revenue is derived from various small increases over other departments, due for the most part to transfers, adjustment, or subventions between departments.

EXPENDITURE INCREASES OVER 1920.

The first increase is in Public Debt interest, which amounts to \$325,306.12. This is due to the annual increase of the Public Debt.

Civil Government is increased by \$87,904.01, made up largely of increases in salaries and the usual expansion in the various departments of the public service.

The Legislative Assembly vote shows an increase of \$22,660.50, applied mainly to the vote for printing and binding sessional papers, advertising, etc., and to the vote for revision and consolidation of the Statutes.

Administration of Justice requires an additional sum over last year of \$269,291. The chief items contributing to this are: Incidental Justice, some \$30,000; Grants under Mothers' Allowance Act, some \$69,000; payments to Cities, Towns and Villages of fines under Liquor Act, some \$43,000; and other small increases, spread over numerous votes.

The Public Works Department has not increased greatly over last year, the net increase on Income Account amounting to only \$68,539.00. There is no considerable increase asked for in any one item of the Public Works Vote.

The Education Department shows the largest net increase of any department, totalling \$554,309.00, made up largely of increased grants, \$265,000; \$106,000 on the University Vote; and relatively smaller increases on other sub-votes, all of which I am sure the Minister of Education will be glad to explain more fully.

The Agriculture Department is asking for increased expenditure of \$155,293. Of this amount, \$16,000 is on account of Live Stock and Agricultural Institutes, and Short Course Schools; \$17,000 on account of Agricultural Agents and Noxious Weeds; \$6,000 Protection of Game; \$10,000 to promote Dairy Work; \$9,000 operation of Schools of Agriculture and Demonstration Farms; \$17,500 for School Fairs (a new service); \$8,000 Immigration and Exhibits; \$60,000 destruction of Grasshoppers; and there are other small increases on various sub-votes.

The Public Health Department requires an increased vote of \$195,195.00. Of this sum nearly \$84,000 is accounted for in increased Hospital Grants; \$30,000 for Tuberculosis work; \$14,000 under Public Health Act; \$20,000 Public Health Nurses Act; Medical and Nursing Service in outlying districts, \$14,000; charitable purposes and care of incurables, \$33,000 and there are other small increases on various items.

The Telephone Department has an increased vote of \$620,696.15, which, however, is about balanced by the increase in revenue.

The other increases of expenditure are not important enough to require especial attention.

The details I have just recited will give a fair idea of the demands made upon the Treasury for increased money services, and I need not attempt to follow up the matter further, but I might say that the problem of keeping the expenditure down to the limit of prudence has not been an easy one. Many reductions had to be made in practically every department of the service. All the demands of the departments for new services or extensions of services were by no means granted, but I feel sure we are justified in keeping within our income. It was with regret, however, that we had to curtail or omit altogether some items of expenditures that would have been quite desirable had our revenue warranted the outlay.

SALARY INCREASES.

As a result of the adjustment following the standardization of salaries under the classification and grading of the service, the sum of \$88,875.00 was added to the annual pay-lists on January 1, 1919, over the respective lists as shown for the month of December just previous.

During the year 1919, advances upon grading were made by the Efficiency Officer, amounting approximately to a yearly increase of

\$18,000. In the year 1920 the yearly rate of increase, due to advances in grading, revised gradings and promotions, was approximately \$57,000. The above increases do not include increases made to employees outside the purview of the Efficiency Officer.

The big margin between the increases of 1919 and 1920 is accounted for by the fact that the new grading came into force on January 1, 1919, and the increases which automatically became due on January 1, were, for that year, included in the figure of \$88,875.00 stated above.

In 1919, \$43,480.00 was paid out in bonuses to members of the Public Service. In 1920, the amount paid out was \$170,198.99 to employees within the purview of the Efficiency Officer, and a further sum to other members in the service amounting to \$8,422.73, making a total of \$178,621.72.

TAXATION AND REVENUE.

I should now like to deal briefly with a subject that is unpopular with all classes, but which, nevertheless, must be frankly dealt with. I refer to Taxation and sources of Revenue.

In the past two years, we have been able to make both revenue and expenditure meet, with a little to spare on the revenue side. This satisfactory state of affairs has not been brought about without considerable effort; for by going out after our arrears of taxes we have tided over several years of operation without imposing new taxes.

The current year, however, finds us facing increasing expenditure, due to expansion and development that cannot be delayed longer, and at the same time with sources of revenue that cannot quite span the gap for those extra requirements.

The Province must have revenue, and it is preferable to secure this additional revenue by judicious taxation than to depend upon the doubtful expedient of borrowing to cover shortages.

However, a period of depression like the present is a difficult time both for the imposition of new taxes and the curtailment of expenditure that may furnish labor and wages for those in need of it, and I should prefer to carry on for this year, at least, as best we may, without tapping new sources of revenue that must of necessity add to the budget of the tax-payer. It has been said with considerable truth that "there is danger of people overlooking the fact that from the standpoint of services actually performed by Government for the people, there is far greater need for increased revenues for our Provincial Governments, Municipalities and School Boards than there is for the Federal Government."

There are certain sources of revenue that might well have been spared to the Province by the Dominion Government—notably that of the Income Tax, which, being a direct tax, belongs to that class of taxation to which the Provinces of Canada are restricted by The British North America Act (Autonomy Act). This, however, we have been deprived of. The withholding of our Natural Resources is another factor that does not tend to relieve the situation.

You know, but the public does not perhaps fully appreciate the fact, that demands upon a Government for new and improved services, extension of utilities, as well as the ordinary increasing demands coincident with increasing population, must be met by the people themselves by means of taxes.

Our sister-Province to the east of us has a distinct advantage over this Province with regard to taxation. She not only has a larger population, but it is not so much confined to the cities as that of our own Province.

The population of the cities does not contribute a great deal to our sources of revenue, since being self-supporting they collect their own taxes and look after their own local improvements. Unfortunately, too, these urban centres seem to think they are entitled to a certain share of the Provincial funds, although our revenues are now inadequate.

SCHOOL LANDS.

The annual revenue received from this source has increased from \$3,008.44 in 1906 to \$692,028.73 in 1920. [*See Statement No. 6.*]

This year it is estimated that the School Lands fund will yield us \$850,000.

This income, as you know, is chiefly derived from the interest on principal moneys invested in Dominion of Canada stock bearing 5% interest, and also from interest on overdue payments bearing 6% interest. The amount invested as at December 31, 1920, was \$5,972,000.00.

There is also at present uninvested, of principal moneys derived from sales, the sum of \$141,000, which bears only bank interest.

It seems to me that it would be only proper for the Dominion Government to invest this money in their 5½% securities, instead of 5% as at present. If this were done, this Province would obtain some \$30,000 more per annum from this source.

Sales during 1920 realized \$2,092,422.07, the total Cash Receipts amounting to \$223,091.30, and the average price per acre \$17.80.

BOND SALES SUCCESSFUL.

The loans authorized in the 1920 Session, which consisted of \$3,000,000 for General Purposes and \$4,000,000 for Telephones, were disposed of for the most part in May, August, and November in blocks of \$3,000,000, \$2,000,000, and \$1,000,000 respectively. The remainder of the authorization was disposed of in January of this year. Two of the issues sold at above par, and at the time each sale was consummated the prices received compared very favorably with those obtained for similar issues sold by the older Provinces of Eastern Canada; in some cases even bettering the terms received by those Provinces.

This was due not so much to the fact that our bonds are more popular than other Provinces, but rather to the favourable dates chosen for disposing of our bonds.

In addition to the above issues, there also was sold a domestic issue of \$1,000,000 6% ten-year bonds, authorized in 1919, but not placed on the local market until June of last year.

I am greatly pleased to announce that this experiment of offering our bonds to our own people has met with unqualified success—the full million having been practically sold out. It is expected that the March sales over the counter will take care of any small balance remaining. A new issue of \$2,000,000 will be ready for disposal locally, on the same terms as the first issue, if the market warrants it.

I am sure few of us realized that such a strong market for Alberta bonds exists at home. Aggressive advertising methods, however, have resulted in a new interest in bond investment, and a wider knowledge among all classes of our own people as to the merits of this form of investment over all others. In pre-war days, it was not so. Now bond-buying by the public is considered as an ordinary matter of good business. People are commencing to realize that they do not need to be wealthy before joining the ranks of bond-holders. The Alberta Treasury has endeavoured to stimulate this idea by continuing the sale of Alberta Saving Certificates in small denominations, so that a beginning in thrift can be made by the most humble in circumstances. This Savings Agency has developed the savings spirit in very many people at a time when all should economize in order successfully to meet the readjustment of this trying period of history.

The total net amount of Alberta Savings Certificates issued and sold, during the year 1920, amounted to \$1,166,740.38, this being over and above withdrawals. The total amount outstanding for the full period, since the inception of the plan, is \$2,840,058.84

MUNICIPAL ORGANIZATION.

Municipal organization has not made very much progress since the year 1914. The effect of the war brought about conditions which were not favorable for the organization of municipalities, and the launching upon matters of self-government.

In the year 1914, there were in the Province:

- 6 Cities.
- 48 Towns.
- 102 Villages.
- 162 Rural Municipalities and Local Improvement Districts.

In the year 1918 the towns had increased by one, and the villages by eight. Legislation of 1918 changed all rural municipalities and local improvement districts into municipal districts, making the number 167. This type had increased in the four years by five.

In the year 1920 the organization stood as follows:

6 Cities.
52 Towns.
117 Villages.
167 Municipal Districts.

The net increase from 1914 to and including 1920 was as follows:

6 Cities.....No increase.
52 TownsIncrease, 4.
117 VillagesIncrease, 15.
167 Municipal Districts.....Increase, 5.

There is an increased interest in the organization of hamlets into villages, and there should be a decided increase in the organization of municipal districts; there being at the present time 25, with an average assessable area as great as the average of all the present districts, and 13 more with an average greater than the smallest of the present municipal districts.

TAX RECOVERY ACT.

The Tax Recovery Act has been an exceedingly beneficial piece of legislation. The net results cannot be determined, since there is no way by which we could obtain the results from the different municipal organizations of the Province.

Briefly, this Act provides that all taxes as of arrears December 31, and remaining in arrears July 1 next following, shall be advertised for sale for said arrears and costs. The redemption period is one year. The number of persons clearing up arrears under the pressure of this Act must have been very great throughout the Province. The very heavy increase in the receipt of taxes in the Department of Municipal Affairs was largely due to the provisions of The Tax Recovery Act. There are some few amendments to this Act pending to make it more workable.

RE ASSESSABLE AREA.

In the 167 Municipal Districts, there is an approximate area of 34,963,120 acres, of which 27,610,416 acres are assessable. In 203 Improvement Districts there is an approximate area of 42,500,000 acres, of which 9,341,683 acres are assessable.

CONCLUSION.

In concluding my remarks, I should like to refer briefly, and in a general way, to the progress made by this Province since it first entered Confederation in September, 1905.

This progress may be fairly well indicated by our expenditure on four of the great public services—Education, Agriculture, Public Works, and Public Health, and for your information I will quote the following figures:

	1915. Actual.	1918. Actual.	1921. Estimated.
Education	\$907,407.56	\$1,183,298.89	\$2,339,473.66
Agriculture	377,112.38	493,669.22	699,550.00
Public Works	553,962.52	1,058,762.33	1,676,771.00
Public Health	111,860.11	211,817.09	562,300.00

On Education you will see there is a considerable increase of \$1,156,000.00 over the year 1918, an increase of almost 100%.

From these figures you will see that the growth in the cost of Education has been greater than in any other of the Public Services.

This is as it should be. No better investment of public moneys can be devised than what is put into the schools of our Province and their operation. Here we have inequalities of race and religion; but the prejudices and habits of older civilizations must be merged and levelled into a robust Canadian citizenship.

Our young people must be educated to cope with future problems of right living and right thinking so that they may, in their turn, be capable of keeping alive the traditions of British Government. If our youth are properly educated, the future need have no fear of such ill-considered forms of radicalism as are now—temporarily at least—holding back economic and political progress in the countries that once were Russia. But in considering the needs of education there is one thing that should not be forgotten—you cannot call for larger outlays of public moneys for that purpose, and at the same time refuse to support new forms of taxation which every expansion in our public service necessitates.

In this third year of reconstruction, it seems to me there is a greater need than ever for all diverse elements in this country, whether political or not, to get together and attempt a solution of common problems. Opposition is not always a corrective, or even a palliative. When a common object is sought there is more to be gained by co-operation than in any other way. All should contribute more to the harmony of those elements which are in reality tending toward the same goal. Honest and frank discussion, with a little give and take, will accomplish a great deal in realizing the aims that perhaps all of us have in common for the good of the people of this Province.

STATEMENT No. 1

ALBERTA YIELDS AND VALUES OF AGRICULTURAL PRODUCTS
AND LIVE STOCK, 1920

	Acres	Yield per Acre	Bushels	Price	Revenue
All Wheat	4,074,483	20.50	83,526,901	\$ 1.34	.....
Spring Wheat	4,036,483	20.50	82,747,902	1.34	\$110,882,188.68
Winter Wheat	38,000	18.75	712,500	1.44	1,026,000.00
Oats	3,089,700	37.25	115,091,325	.32	36,829,224.00
Barley	480,699	26.50	12,738,523	.60	7,643,113.80
Flax	103,700	7.00	725,900	1.50	1,088,850.00
Rye	160,960	21.25	3,420,400	1.25	4,275,500.00
Mixed Grains	8,398	30.75	258,238	.50	129,119.00
			Tons		
Hay and Clover	383,527	1.30	498,585	20.00	9,971,700.00
Alfalfa	19,906	2.25	44,788	24.00	1,074,912.00
			Bushels		
Potatoes	43,000	175.00	7,525,000	1.00	7,525,000.00
Turnips, Mangolds, etc.	12,300	250.00	3,075,000	1.20	3,690,000.00
Peas	2,899	17.00	49,283	2.50	123,207.50
Beans	2,305	17.00	39,185	4.00	156,740.00
					<u>\$184,415,554.98</u>

Animals Slaughtered and Sold	\$ 38,000,000.00
Dairy Products	34,000,000.00
Wool Clip (1,740,239 lbs.)	730,900.38
Game and Furs	2,250,000.00
Poultry and Products	5,000,000.00
Horticulture	2,285,000.00
	<u>\$266,681,455.36</u>

LIVE STOCK

	Number	Value	Total Value
Horses	741,851	\$90.00	\$ 66,766,590.00
Milch Cows	305,607	80.00	24,448,560.00
Other Cattle	1,050,334	50.00	52,516,700.00
Sheep and Lambs	383,424	10.00	3,834,240.00
Swine	286,556	20.00	5,731,120.00
Poultry	2,399,855	1.20	2,879,826.00
			<u>\$156,177,036.00</u>

STATEMENT No. 2

STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31st, 1920

ASSETS

Cash in Bank	\$ 845,237.19
Telephone Plant, Stock and Tools	\$15,834,394.90
Less Depreciation and Renewal Reserve	250,000.00
	15,584,394.90
Public Buildings (Including Stock Advance).....	9,214,967.10
Bridges	3,343,608.93
Trunk Roads and Bridges thereon, Ferries, etc.	5,151,439.64
Province of Alberta 4% Debentures due 1922	171,668.76
Demonstration Farms	471,501.95
Interest-bearing Loans	5,401,298.63
Repayable Working and Improvement Advances (Including Drought Relief)	1,600,848.72
Shares Lacombe and North Western Railway	2,031.85
Miscellaneous	360,392.97
Deferred Revenue	3,637,116.76
	\$45,784,507.40
Deposit (in lieu of debt) in hands of Dominion Government.....	8,107,500.00
Deposit (School Lands Fund)	\$5,972,000.00
Deferred and Overdue payments of principal on School Lands.....	7,416,456.12
	13,388,456.12
Unsold School Lands—6,830,648.61 acres at \$12.00 per acre	81,967,783.32
	<u>\$149,248,246.84</u>

LIABILITIES

Public Debt--

4% Debentures, due 1 st 22 (Convertible), Chap. 21, 1911-12	\$ 4,804,373.33
4% Debentures, due 1922 (Convertible), Chap. 21, 1911-12	133,333.34
4% Debentures, due 1938, Chap. 14, 1908	2,000,200.00
4% Registered Stock due 1942 (Convertible) Chap. 21, 1911-12.....	62,293.33
4½% Gold Debentures, due 1923, Chap. 29, 1913 (Second Session).....	3,600,000.00
4½% Gold Debentures, due 1924, Chap. 12, 1910 (Second Session)	7,400,000.00
4½% Registered Stock, due 1943, Chap. 21, 1913.....	4,866,666.66
4½% Debentures, due 1943, Chap. 21, 1913	133,333.34
5% Gold Debentures, due 1922 (Dec. 1st) Chap. 2, 1917	175,000.00
5% Gold Debentures, due 1922 (Aug.), Chap. 2, 1917	1,500,000.00
5% Gold Debentures, due 1925, Chap. 25, 1914 (as amended)	4,000,000.00
5% Gold Debentures, due 1926, Chap. 21, 1916.	2,000,000.00
5½% Gold Debentures, due 1929, Chap. 2, 1919	3,000,000.00
5½% Gold Debentures, due 1939, Chap. 2, 1918.....	1,000,000.00
6% Gold Debentures, due 1923, Chap. 2, 1920	3,000,000.00
6% Gold Debentures, due 1928, Chap. 2, 1917.....	825,000.00
6% Gold Debentures, due 1930 (Aug. 16th), Chap. 2, 1920.....	2,000,000.00
6% Gold Debentures, due 1920 (Nov. 1st), Chap. 2, 1920	1,000,000.00
6% Gold Debentures, due 1930 (May 1st), Chap. 2, 1919	489,700.00
	\$41,989,900.00
Less Sinking Fund	1,231,159.20
	\$ 40,758,740.80
Temporary Loans (Savings Certificates included)	3,774,900.55
Municipal Sinking Funds	54,121.69
Balance—Excess Assets over Liabilities	104,660,483.80
	<u>\$149,248,246.84</u>

STATEMENT No. 3

STATEMENT OF REVENUE AND EXPENDITURE ON INCOME ACCOUNT

For the Year Ended December 31st, 1920

Revenue--

Dominion Subsidy	\$1,621,075.00	
School Lands	692,028.73	
Treasury Department	639,426.19	
Provincial Secretary's Department	1,628,482.60	
Attorney General's Department	1,596,204.23	
Public Works Department	67,926.44	
Agriculture Department	158,382.49	
Telephone Department	1,913,913.87	
Legislation	2,449.05	
Executive Council	200.00	
Education Department	43,061.88	
King's Printer	9,284.35	
Municipal Affairs Department	2,508,465.83	
Public Health Department	29,151.18	
Public Utilities	4,436.75	
Miscellaneous	5,287.49	
		<u>\$10,919,776.08</u>

Expenditure--

Public Debt	\$1,568,106.88	
Civil Government	632,654.51	
Legislation	178,914.50	
Administration of Justice	1,405,510.04	
Public Works Department	1,608,231.11	
Education	1,785,163.77	
Agriculture and Statistics	544,256.90	
Public Health Department	367,104.57	
Railways and Telephones Department:		
Railways Branch	7,151.65	
Telephones	1,879,303.85	
General Administrative Purposes	235,136.98	
Municipal Affairs Department	148,543.01	
Miscellaneous	55,833.12	
Remissions (Sec. 51—Treasury Act)	318.02	
Grouard S.D. No. 2567 payment coupons and interest	984.85	
Crescent Heights Library, Calgary, Grant	350.00	
Appraisal of School Lands	5,792.25	
		<u>10,423,356.01</u>
1920 Surplus		<u>\$ 496,420.07</u>

STATEMENT No. 4

COMPARATIVE STATEMENT OF INCOME AND EXPENDITURE FOR
THE YEARS 1919 AND 1920

INCOME ACCOUNT

Revenue--

	1919	1920	Increase 1920	Decrease 1920
Dominion Subsidy	\$1,621,075.00	\$ 1,621,075.00	\$	\$
School Lands.	586,571.23	692,028.73	105,457.50	.....
Grant to Seed Fair	652.67	.....	.....	652.67
Treasury Dept.	428,152.67	639,426.19	211,273.52	.....
Provincial Secretary's Dept.	1,200,994.36	1,628,482.60	427,488.24	.....
Attorney General's Dpt.	1,234,928.21	1,596,204.23	361,276.02	.....
Public Works Dept.	300,929.86	67,926.44	.....	233,003.42
Agriculture Dept.	193,997.25	158,382.49	.....	35,614.76
Dairy and Poultry Industry.....	639,098.68	.....	.....	639,098.68
Telephone Dept.	1,638,263.22	1,913,913.87	275,650.65	.....
Legislation.....	2,525.00	2,449.05	.....	75.95
Executive Council	114.00	200.00	86.00	.....
Education Dept.	31,183.99	43,061.88	11,877.89	.....
King's Printer	8,823.59	9,284.35	460.76	.....
School Libraries--Sup- plies and Prem. Treas. Bonds--Ad- justments.....	26,094.92	.....	.....	26,094.92
Public Health Dept. ..	12,062.18	29,151.18	17,089.00	.....
Municipal Affairs Dept.	1,653,540.77	2,508,465.83	854,925.06	.....
Public Utilities	3,720.00	4,436.75	716.75	.....
Miscellaneous	60,011.72	5,287.49	.....	54,724.23
	<u>\$9,642,739.32</u>	<u>\$10,919,776.08</u>	<u>\$2,266,301.39</u>	<u>\$989,264.63</u>

SUMMARY OF INCOME

1920 Income	\$10,919,776.08
1919 Income	9,642,739.32
Increase of Income.....	<u>\$ 1,277,036.76</u>

STATEMENT No. 4—Continued

Expenditure--	1919	1920	Decrease 1920	Increase 1920
Public Debt.....	\$1,228,854.31	\$1,568,106.88	\$.....	\$339,252.57
Civil Government..	583,021.48	632,654.51	.....	49,633.03
Legislative Assembly	142,104.64	178,914.50	.....	36,809.86
Administration of				
Justice	688,847.49	1,405,510.04	.....	716,662.55
Public Works Dept.	1,227,040.10	1,608,231.11	.....	381,191.01
Education Dept. ...	1,437,208.76	1,785,163.77	.....	347,955.01
Agriculture and				
Statistics	516,117.87	544,256.90	.....	28,139.03
Dairy and Poultry				
Industry.....	629,492.45	.....	629,492.45	.....
Public Health Dept.	293,318.33	367,104.57	.....	73,786.24
Railways and Telephones:				
Railways Branch..	.....	7,151.65	.....	7,151.65
Telephones Branch	1,620,418.07	1,879,303.85	.....	258,885.78
General Administra-				
tive Purposes	146,937.10	235,136.98	.....	88,199.88
Municipal Affairs				
Dept.	108,727.18	148,543.01	.....	39,815.83
Miscellaneous	700,631.03	62,960.22	637,670.81	.....
Remissions... ..	3,029.73	318.02	2,711.71	.....
	<u>\$9,325,748.54</u>	<u>\$10,423,356.01</u>	<u>\$1,269,874.97</u>	<u>\$2,367,482.44</u>

SUMMARY OF EXPENDITURE

1920 Expenditure	\$10,423,356.01
1919 Expenditure	<u>9,325,748.54</u>
Increase of Expenditure	<u>\$ 1,097,607.47</u>

SUMMARY OF INCOME AND EXPENDITURE

Increase in Revenue over 1919	\$1,277,036.76
Increase in Expenditure over 1919	<u>1,097,607.47</u>
Net Increase	<u>\$ 179,429.29</u>
Add Surplus 1919	<u>316,990.78</u>
Surplus 1920	<u>\$ 496,420.07</u>

STATEMENT No. 5

COMPARATIVE STATEMENT OF INCOME AND EXPENDITURE FOR
1920, ACTUAL, AND 1921, ESTIMATED

INCOME ACCOUNT

Revenue--	1920 Actual	1921 Estimated	Estimated Revenue over 1920	Estimated Revenue under 1920
Dominion Subsidy	\$1,621,075.00	\$1,657,875.00	\$ 36,800.00	\$
School Lands	692,028.73	850,000.00	157,971.27	.....
Treasury Dept.	639,426.19	506,653.16	.....	132,773.03
Attorney General's Dept.	1,596,204.23	2,364,000.00	767,795.77	.....
Provincial Secre- tary's Dept.	1,628,482.60	1,807,340.00	178,857.40	.....
Public Works Dept.	67,926.44	141,000.00	73,073.56	.....
Education Dept. ...	43,061.88	91,825.00	48,763.12	.....
Agriculture Dept. .	158,382.49	208,500.00	50,117.51	.....
Telephone Dept. ...	1,913,913.87	2,500,000.00	586,086.13	.....
Railways and Telephones:				
Railways Branch		4,532.09	4,532.09	.....
Municipal Affairs Dept.	2,508,465.83	2,541,000.00	32,534.17	.....
Public Health Dept.	29,151.18	88,929.62	59,778.44	.....
Legislative Assembly	2,449.05	2,225.00	.....	224.05
Executive Council..	200.00		.....	200.00
King's Printer	9,284.35	10,000.00	715.65	.....
Public Utilities Commission.....	4,436.75	5,000.00	563.25	.....
Miscellaneous	5,287.49	.....	.....	5,287.49
	<u>\$10,919,776.08</u>	<u>\$12,778,879.87</u>	<u>\$1,997,588.36</u>	<u>\$ 138,484.57</u>

Expenditure--	1920 Actual	1921 Estimated	Estimated Expenditure under 1920	Estimated Expenditure over 1920
Public Debt.....	\$1,568,106.88	\$1,893,413.00	\$	\$325,306.12
Civil Government..	632,654.51	720,558.52	.....	87,904.01
Legislative Assembly	178,914.50	201,575.00	.....	22,660.50
Administration of Justice	1,405,510.04	1,674,802.00	.....	269,291.96
Public Works Dept.	1,608,231.11	1,676,771.00	.....	68,539.89
Education Dept. ...	1,785,163.77	2,339,473.66	.....	554,309.89
Agriculture Dept. ...	544,256.90	699,550.00	.....	155,293.10
Public Health Dept.	367,104.57	562,300.00	.....	195,195.43
Railways and Telephones:				
Railways Branch	7,151.65	9,600.00	.....	2,448.35
Telephones				
Branch	1,879,303.85	2,500,000.00	.....	620,696.15
General Adminis- trative Purposes.	235,136.98	257,090.88	.....	21,953.90
Municipal Affairs Dept.	148,543.01	143,350.00	5,193.01	.....
Miscellaneous	63,278.24	57,810.00	5,468.24	.....
	<u>\$10,423,356.01</u>	<u>\$12,736,294.06</u>	<u>\$10,661.25</u>	<u>\$2,323,599.30</u>

SUMMARY

Estimated Revenue	\$12,778,879.87
Estimated Expenditure	12,736,294.06
Surplus	<u>\$ 42,585.81</u>

STATEMENT No. 6

SCHOOL LANDS

Revenue

1906	\$ 3,008.44
1907	58,851.44
1908	51,410.54
1909	67,029.93
1910	98,881.86
1911	166,056.19
1912	236,046.80
1913	223,612.30
1914	219,708.55
1915	258,913.69
1916	169,226.73
1917	326,452.22
1918	461,666.66
1919	586,571.23
1920	692,028.73
	<u>\$3,619,465.31</u>

7,798,600.00 Acres in the Province.

967,951.39 Acres sold to 31st December, 1920 \$13,388,456.12

6,830,648.61 Acres unsold to 31st December, 1920.

Total amount invested in 5% Dominion Government Stock, 31st

December, 1920 5,972,000.00

Total amount outstanding to 31st December, 1920 7,416,456.12

\$13,388,456.12

Total Sales during 1920 \$2,092,422.07

Sales to Soldiers' Settlement Board 28,400.00

